

**REPUBLIC OF PANAMA
MINISTRY OF ECONOMY AND FINANCE**

**EXECUTIVE DECREE 241-A
Dated 11 July 2018**

That regulates Law 56 dated 11 July 2017

THE PRESIDENT OF THE REPUBLIC
in use of his legal powers

WHEREAS:

Law 56 dated 11 July 2017 established the right for women to access and actively participate in the decision-making of public and private entities in the country;

This Law is to be applied in stages in order to have, at the end of a three-year period from its enactment, at least a 30% participation by women on the boards of directors of Central Government and decentralized institutions, public companies, financial intermediaries and the entities regulated by those, including mixed capital companies;

By virtue of the provisions of paragraph 14, Article 184 of the Political Constitution of the Republic of Panama, the President of the Republic is authorized, along with the relevant Minister, to regulate laws that require it for their better compliance, without departing in any case from their text or spirit.

DECREES:

**Chapter I
General Outline**

Article 1. For the purposes of this Executive Decree, the following terms will be understood as:

1. Public companies: those companies wholly owned by the State;
2. Mixed capital companies: those companies in which the State has a share along with private capital companies;

3. Decentralized entities: those entities with administrative and financial autonomy and their own capital;
4. Central Government: the Ministries, decentralized entities, public companies and Foundations;
5. Financial intermediaries: the financial oversight bodies, as well as Banco Nacional de Panamá, Caja de Ahorros, Instituto de Seguro Agropecuario (Agricultural Insurance Institute), Banco de Desarrollo Agropecuario and Banco Hipotecario Nacional;
6. Financial oversight bodies: the Superintendency of Banks, the Superintendency of the Securities Market, the Superintendency of Insurance and Reinsurance and the Panamanian Institute of Autonomous Cooperatives;
7. Regulated entities: private sector entities regulated and supervised by the financial oversight bodies according to current laws.

Article 2. The Ministry of Economy and Finance is responsible for verifying overall compliance with Law 56 of 2017, with its Economic and Social Analysis Division producing statistics and reports on this matter. For these purposes, the Economic and Social Analysis Division may request information directly from Central Government and decentralized entities, public companies and, through other Ministry divisions noted below, the following specific entities:

1. For mixed capital companies, the oversight and the requests for information will be conducted by the Investment, Concession and State Risk Division;
2. For the Financial Oversight Bodies, the oversight and the requests for information will be carried out by the Financial Planning Division.

The Ministry of Economy and Finance will make the statistics report available to the public through its website, and will also share information directly with institutions such as the National Institute for Women.

For entities regulated by the Financial Oversight Bodies, the Financial Oversight Bodies will perform the review in accordance with the provisions of Chapter III herein.

Chapter II Public Sector

Article 3. In the Central Government and decentralized entities, public companies and financial intermediaries, the authority appointing the members of their boards of directors, boards of governors or management bodies within their administrative structure, will oversee compliance with the legal percentage of participation of women in these bodies.

Article 4. When the appointment of a new member to the relevant management body corresponds by law to a non-governmental body, a group of three persons will be presented to the appointing authority. The group must consist of men and women.

In this case, the appointing authority will give priority to the candidate of the less represented sex if that person has the same qualifications as the candidate of the other sex in terms of merits, experience, skills and professional performance.

Chapter III Private Sector

Article 5. For mixed capital companies, the Executive Branch will appoint women in accordance with the percentages established in Article 3 of Law 56 of 2017, for them to act on the Executive Branch's behalf on these boards of directors, taking into consideration their professional experience and other qualifications deemed necessary according to the company's policies, manuals and corporate governance regulations.

The representatives of private capital within the mixed capital companies will ensure the participation of women within the percentage established in paragraphs 2 and 3 of Article 3 of Law 56 of 2017, taking into consideration their professional experience and other qualifications deemed necessary in accordance with the company's policies, manuals and corporate governance regulations.

Article 6. The entities regulated by the Financial Oversight Bodies are required to appoint women in accordance with the percentages established in Article 3 of Law 56 of 2017, taking into consideration their professional experience, career and other qualifications deemed necessary according to the company's policies, manuals and corporate governance regulations.

Article 7. The entities regulated by the Financial Oversight Bodies must choose the candidate best qualified to serve as a member of their board of directors, based on the comparative analysis of the skills and experience of each candidate.

The regulated entities must ensure they give priority to the candidate of the less represented sex if that person has the same qualifications as the other sex based on criteria such as professionalism, merits, experience, and based on the standards of each sector.

Article 8. The Financial Oversight Bodies will establish in their corporate governance regulations, the best practices related to electing the members of the boards of directors of the entities regulated by them, based on the criteria of gender equality, professionalism, merit, experience, and the standards of each sector.

For these purposes, the Financial Oversight Bodies will verify compliance with the obligation established in Law 56 of 2017 through compliance surveys. In cases of non-compliance, the

regulated entity should submit the reasons for non-compliance with the Law. This information will be updated on an annual basis.

Article 9. This Executive Decree shall become effective the day after its promulgation.

LEGAL GROUNDS: Law 56 dated 11 July 2017.

FOR COMMUNICATION AND PUBLICATION.

Given in the City of Panama on the eleventh (11th) day of July, two thousand eighteen (2018).

[Signed]

JUAN CARLOS VARELA RODRIGUEZ

President of the Republic

[Signed]

EYDA VARELA de CHINCHILLA

Acting Minister of Economy and Finance

Rubber stamped:

Presidency of the Republic of Panama

** Coat of Arms Ministry of the Presidency **

Registered